



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

FEB 24 2003

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Gibson,
VP and General Manager
Coastal Eagle Point Oil Company
P.O. Box 1000
Westville, NJ 08093-1000

RE: Coastal Eagle Point Oil Company Administrative Order (CAA-02-2003-1011)


Dear Mr. Gibson:

From July 12-15, 1999, EPA conducted an air compliance inspection at Coastal Eagle Point Oil Company (CEPOC) located at Route 130 and I-295 in Westville, New Jersey. The inspection was followed up with a second records review inspection from August 8-10, 2000. As a result of these inspections, it was determined that CEPOC violated the requirements of the New Source Performance Standards (NSPS) for Equipment Leaks of VOC in Petroleum Refineries (40 C.F.R. Part 60, Subpart GGG), and for Equipment Leaks of VOC in Synthetic Organic Chemicals Manufacturing Industry (40 C.F.R. Part 60, Subpart VV). In addition, the EPA has determined that CEPOC violated the requirements of the National Emission Standards for Organic Hazardous Air Pollutants for Equipment Leaks (40 C.F.R. Part 63, Subpart H), and the National Emission Standards for Hazardous Air Pollutants from Petroleum Refineries (40 C.F.R. Part 63, Subpart CC).

Enclosed with this letter is an Administrative Order which addresses the violations discovered during EPA's inspection. The Administrative Order also prescribes specific actions for CEPOC to undertake which will enable them to come into compliance.

If you have any questions or comments regarding this matter, please contact John Dolinar, from our Office of Regional Counsel at (212) 637-3204.

Sincerely,


Richard L. Caspe, P.E., Director
Division of Enforcement and Compliance Assistance

Enclosure

**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION II**

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In the Matter of:	:	
	:	COMPLIANCE ORDER:
Coastal Eagle Point Oil Company	:	Index No: CAA-02-2003-1011
Westville, New Jersey	:	
	:	
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STATUTORY AUTHORITY

The Director of the Division of Enforcement and Compliance Assistance (DECA) of Region 2 of the United States Environmental Protection Agency (EPA) issues this COMPLIANCE ORDER, pursuant to § 113(a) of the Clean Air Act (the Act), 42 U.S.C. § 7413, to Coastal Eagle Point Oil Company (CEPOC or Respondent) which owns and operates a petroleum refinery located in Westville, New Jersey. The EPA Administrator delegated the authority to issue Orders pursuant to § 113 of the Act to each EPA Regional Administrator. The Region 2 Administrator delegated this authority to the DECA Director.

Section 111 of the Act provides that the EPA shall promulgate Standards of Performance for new Stationary Sources. Section 112 of the Act provides that EPA shall promulgate emission standards and/or work practice requirements for each category or subcategory of major sources and area sources of hazardous air pollutants. Section 114(a) of the Act grants authority to require submission of information for the purpose of determining whether any person violated any standard. Section 113(a)(3) of the Act authorizes issuance of Orders where the EPA finds a person violated §§ 111, 112 or 114 of the Act.

STATUTORY AND REGULATORY BACKGROUND

NSPS General Requirements

1. Section 111 of the Act, 42 U.S.C. § 7411, requires EPA to promulgate standards of performance for new stationary sources (“NSPS”) based on the category of industrial sources and the pollution control technology available to that category source.

2. Section 111 (a)(2) of the Act defines a “new source” as any stationary source, the construction or modification of which is commenced after the publication of regulations (or, if earlier, proposed regulations) establishing a NSPS applicable to such source.

3. Section 111(e) of the Act prohibits an owner or operator of a new source from operating that source in violation of an NSPS after the effective date of that standard.

4. Pursuant to Section 111 of the Act, EPA promulgated NSPS, which are codified at 40 C.F.R., Part 60.

5. Subpart A, 40 C.F.R. §§ 60.1 - 60.18, sets forth the general provisions for NSPS.

NSPS Subpart GGG

6. On May 30, 1984, EPA promulgated an NSPS pursuant to Section 111 entitled “Standards of Performance for Equipment Leaks of VOC in Petroleum Refineries”, 40 C.F.R. Part 60 Subpart GGG, §§ 60.590 - 60.593.

7. As provided by 40 C.F.R. § 60.590(a)(1), Subpart GGG applies to affected facilities in petroleum refineries.

8. 40 C.F.R. § 60.590(a)(2) and (3) defines the affected facility as a compressor and the group of all the “equipment” within a process unit.

9. 40 C.F.R. § 60.591 defines “equipment” as each valve, pump, pressure relief device, sampling connection system, open-ended valve or line, and flange or other connector in VOC

service.

10. 40 C.F.R. § 60.592(a) requires each owner or operator subject to Subpart GGG must comply with the requirements of 40 C.F.R. Part 60 Subpart VV, Sections 60.482-1 to 60.482-10, as soon as practicable, but no later than 180 days after initial startup.

NSPS Subpart VV, SOCMI

11. On October 18, 1983, EPA promulgated an NSPS pursuant to Section 111 entitled “Standards of Performance for Equipment Leaks of VOC in Synthetic Organic Chemicals Manufacturing Industry, 40 C.F.R. Part 60, Subpart VV, § 60.480 - 60.489 (SOCMI).

12. As provided by 40 C.F.R. § 60.480(a)(1), Subpart VV applies to affected facilities in the synthetic organic chemical manufacturing industry.

13. 40 C.F.R. § 60.481 defines SOCMI as the industry that produces, as intermediates, or final product, one or more of the chemicals listed in 40 C.F.R. § 60.489.

14. Petroleum refineries produce, among many other chemicals, benzene, ethanol, toluene, and xylene, which are listed in 40 C.F.R. § 60.489.

15. 40 C.F.R. Part 60, Subpart VV, § 60.480 - 60.489 requires that each owner or operator in SOCMI shall monitor for volatile organic compounds (VOC) leaks, shall maintain records of all leak detection monitoring, and shall repair leaks as prescribed by the Subpart.

16. 40 C.F.R. § 60.482-2 sets forth the requirements pertaining to pumps in light liquid service.

17. 40 C.F.R. § 60.482-7 sets forth the requirements pertaining to valves in gas/vapor service, and in light liquid service.

18. 40 C.F.R. § 60.482-9 sets forth the requirements for the delay of repair for leaking components.

19. 40 C.F.R. § 60.485 sets forth the requirements for the test methods and procedures to monitor for leaking components.

NESHAP General Requirements

20. Section 112(a)(1) of the Act defines “major source” as any stationary source or group of stationary sources located within a contiguous area and under common control that emit or has the potential to emit 10 tons per year or more of any hazardous air pollutant or 25 tons per year or more of any combination of hazardous air pollutants.

21. Section 112(b)(1) of the Act provides a list of the hazardous air pollutants.

22. Section 112(c) of the Act requires that EPA publish a list of all categories and subcategories of major and area sources.

23. Section 112(d) of the Act, 42 U.S.C. § 7412(d) requires the Administrator to promulgate regulations establishing National Emission Standards for Hazardous Air Pollutants (NESHAPs) for each category or subcategory of major and area sources of hazardous air pollutants.

24. 40 C.F.R. Subpart A, §§ 63.1-63.15, sets forth the general NESHAP provisions.

Subpart H

25. On April 22, 1994, EPA promulgated a NESHAP pursuant to Section 112 entitled “National Emission Standards for Organic Hazardous Air Pollutants for Equipment Leaks which was further amended on April 26, 1999 (FR 20198) (Equipment Leak MACT). The regulations are printed, at 40 C.F.R. Part 63, Subpart H, §§ 63.160-63.182. This requirement became effective on April 22, 1997.

26. 40 C.F.R. Part 63, Subpart H, §§ 63.160-63.182 requires that each owner or operator of an affected process unit monitor for organic hazardous air pollutants (OHAP) leaks, maintain

records of all leak detection monitoring, and repair leaks in accordance with the Equipment leak MACT.

27. 40 C.F.R. § 63.163(b)(1) sets forth the requirements pertaining to pumps in light liquid service.

28. 40 C.F.R. § 63.168(b)(1) sets forth the requirements pertaining to valves in gas/vapor service and in light liquid service.

29. 40 C.F.R. § 63.171 sets forth the requirements for the delay of repair for leaking components.

30. 40 C.F.R. § 63.180 sets forth the requirements for the test methods and procedures for monitoring leaking components.

Subpart CC

31. On August 18, 1995, EPA promulgated a NESHAP pursuant to Section 112 entitled “National Emission Standards for Hazardous Air Pollutants from Petroleum Refineries,” 40 C.F.R. Part 63, Subpart CC, §§ 63.640-63.679, (Refinery MACT). This requirement became effective on August 18, 1998.

32. Subpart CC applies to petroleum refining process units and to all related emission points. For purposes of this Subpart, the affected source are all emission points, listed from (c)(1) through (c) (7), including, but not limited to, all miscellaneous processes vents, and all equipment leaks from petroleum refining process units. See 40 C.F.R. §§ 63.640(a) and (c).

33. Subpart CC at 40 C.F.R. § 63.648 sets forth equipment leak requirements and provides, among other things, that each owner or operator of an existing source subject to the requirements of the Refinery MACT must comply with the provisions of 40 C.F.R. Part 60, Subpart VV.

FINDINGS OF FACT

34. From July 12-15, 1999, duly designated EPA inspectors conducted an initial records review and a comparative monitoring inspection (the EPA inspection) at Respondent's facility located in Westville, New Jersey. This was followed up with a second records review inspection from August 8-10, 2000.

35. Respondent owns and operates a petroleum refinery with several petroleum refining processes to receive, store, and ship via tank trucks and/or barges, among other things, gasoline, benzene, toluene, cumene, and xylene.

36. Respondent's facility is a major source subject to the applicable requirements for 40 C.F.R. Part 63.

37. Based on information obtained during the EPA inspection, Respondent's Dewaxer Process Unit (DWU) and Isomerization Process Unit (ISOM) are subject to the applicable requirements of the NSPS at 40 C.F.R. Part 60, Subpart GGG.

38. Based on information obtained during the EPA inspection, Respondent's Claytreating Process Unit (BTX), Cumene Process Unit (CUM), the marine terminal (Dock), and the Linde Tank Area (Linde) are subject to the applicable HON regulations found at 40 C.F.R. Part 63, Subpart H.

39. Based on information obtained during the EPA inspection, Respondent's Alkylation Process Unit (Akly), Catalytic Reforming Process Unit (CRU2), Fluid Catalytic Cracking Unit (FCCU), Hydrotreating unit (HTU), Polymerization Unit (Poly), Tank Farm, Gasoline Terminal, Aromatic Complex Recovery Process Unit (ACR), and VPS Process Units (VPS) are subject to the applicable Refinery MACT regulations found at 40 C.F.R. Part 63, Subpart CC.

40. Following the EPA inspection, EPA determined that Respondent failed to include

and to appropriately monitor over 7,000 affected components in light-liquid or gaseous service in its LDAR inventory, from at least 1997 through June 1999.

41. During the EPA inspection, EPA determined that Respondent failed to monitor 2 valves in the Aromatic Complex Recovery process unit, and 6 valves in the Isomerization process unit during 1997 and 1998, and failed to re-monitor 55 leaking components in 1999 from various process units for at least two consecutive months in several process areas as required by 40 C.F.R. § 60.482-7(c)(2).

42. During the EPA inspection, EPA determined that Respondent failed to complete four monitoring inspections for two pumps at the BTX process unit during the third quarter 1997, and six monitoring inspections for the two pumps at the Linde process unit during the first and third quarters of 1997 as required by 40 C.F.R. § 63.163(b)(1).

43. During the EPA inspection, EPA determined that Respondent failed to complete repairs on 96 leaking components within 15 days as required by 40 C.F.R. § 60.482-7(d)(1) and 40 C.F.R. § 63.168(f)(1). These repairs were completed , but beyond the 15 day time frame.

44. During the EPA inspection, EPA determined that Respondent failed to monitor the valves in light-liquid and gaseous service by following the requirements specified in Method 21, in violation of 40 C.F.R. § 60.485, and 40 C.F.R. § 63.180.

45. During the August 2000 inspection, EPA confirmed that Respondent had indeed taken several steps to improve the implementation of the LDAR program at the facility, included the missing components in the LDAR inventory, and started monitoring them in accordance with Method 21.

FINDINGS OF LAW

46. The EPA finds, from the Findings of Fact set forth above, that Respondent's facility

is subject to the: NSPS Subpart VV, (SOCMI NSPS), NSPS Subpart GGG, NESHAP Subpart H, and NESHAP Subpart CC.

47. Respondent failed to include over 7,000 affected components in light-liquid or gaseous service in its LDAR inventory, and to appropriately monitor them, in violation of 40 C.F.R. Part 60 Subpart VV §§ 60.480 - 60.489 (SOCMI NSPS), 40 C.F.R. Part 60 Subpart GGG § 60.592, 40 C.F.R. Part 63, Subpart H, §§ 63.160-63.182 (Equipment Leak MACT), and 40 C.F.R. Part 63, Subpart CC § 63.648.

48. Respondent failed to monitor 8 valves at the ACR and ISOM process units during 1997 and 1998, and failed to re-monitor 53 leaking components in 1999 from various process units for at least two consecutive months as required by 40 C.F.R. § 60.482-7(c)(2) .

49. Respondent failed to complete four monitoring inspections for two pumps in the BTX process unit during the third quarter 1997, and six monitoring inspections for two pumps in the Linde process unit during the first and third quarters 1997 as required by 40 C.F.R. § 63.163(b)(1).

50. Respondent failed to complete repairs on 96 leaking components within 15 days as required by 40 C.F.R. § 60.482-7(d)(1) and 40 C.F.R. § 63.168(f)(1).

51. Respondent failed to monitor the valves in light-liquid and gaseous service by following the requirements specified in Method 21, in violation of 40 C.F.R. § 60.485, and 40 C.F.R. § 63.180.

In concurrence with the Findings of Law above, under Section 113(a)(4) of the Act, 42 U.S.C. § 7413(a)(4), IT IS DETERMINED AND ORDERED that:

I.

The provisions of this Order shall apply the Respondent and its officers, agents, servants,

employees, successors and to all persons, firms and corporations acting under, through or for Respondent.

II.

Within 30 days of the effective date of this Compliance Order, Respondent shall submit a complete inventory of all the components subject to the applicable LDAR regulations. The list shall identify, among other things, the process area, the type of components (valve, pump, connector etc.), the monitoring frequency, the applicable leak definition, the “difficult-to-monitor” components, the “unsafe-to-monitor” components.

III.

Within 30 days of the effective date of this Compliance Order, Respondent shall submit copies of all Standard Operating Procedures (SOPs) used by the Respondent to identify new components for the LDAR program, for identifying leaking components, and for repairing and keeping track of leaking components.

IV.

Upon the effective date of this Order, Respondent shall submit the semi-annual reports required by NSPS Subpart VV and GGG, and the NESHAP Subparts H and CC respectively for the past 2 calendar years.

V.

All reports shall be submitted to:

Mr. Kenneth Eng, Chief
Air Compliance Branch
Division of Enforcement and
Compliance Assistance
U.S. Environmental Protection
Agency - Region 2
290 Broadway 21st Floor
New York, New York 10007-1866
(212) 637-4080

BUSINESS CONFIDENTIALITY

Respondent may assert a business confidentiality claim covering part or all of the information this Order requires only to the extent and in the manner described in 40 C.F.R. §2.203. The EPA will disclose information submitted under a confidentiality claim only as provided in 40 C.F.R. Part 2, Subpart B. If Respondent does not assert a confidentiality claim, the EPA may make the information available to the public without further notice to Respondent.

ENFORCEMENT

Section 113(a)(3) of the Act authorizes the EPA to take any of the following actions in response to Respondent's violation of the NSPS and NESHAP, or in response to Respondent's failure to comply with the above order:

- issue an administrative penalty order pursuant to Section 113(d) for civil administrative penalties of up to \$27,500 per day of violation
- bring a civil action pursuant to Section 113(b) for injunctive relief and/or civil penalties of not more than \$27,500 per day for each violation

The United States may seek fines and or imprisonment of any person who knowingly violates §§ 111, 112 or 114 of the Act and/or who knowingly violates the Act or an Order issued pursuant to § 113 of the Act. Upon conviction, the facility will be declared ineligible for federal

contracts, grants, and loans. The Administrator may extend the ineligibility to other facilities owned by the Respondent. (Section 306 of the CAA, 40 C.F.R. Part 15, and Executive Order 11738)

PENALTY ASSESSMENT CRITERIA

If a penalty is assessed under Section 113(b), (d), or (e)(1) of the Act, the Administrator or the court as appropriate, in determining the amount of penalty to be assessed, shall consider (in addition to such other factors as justice may require) the size of the business, the economic impact of the penalty on the business, the violator's full compliance history and good faith efforts to comply, the duration of the violation as established by any credible evidence (including evidence other than the applicable test method), the payment by the violator of penalties previously assessed for the same violation, the economic benefit of noncompliance, and the seriousness of the violation.

Section 113(e)(2) of the Act allows the Administrator, or the court as appropriate, to assess a penalty for each day of violation. In accordance with Section 113(e)(2), EPA will consider a violation to continue from the date the violation began until the date the Respondent establishes that it has achieved continuous compliance. If Respondent proves that there was an intermittent day of compliance or that the violation was not continuous in nature, then the EPA will reduce the penalty accordingly.

EFFECTIVE DATE AND OPPORTUNITY FOR CONFERENCE

Pursuant to Section 113(a)(4), Respondent may request a conference with the EPA concerning the violation(s) alleged in the above Order. The Respondent may present evidence

bearing on the finding of violation, the nature of the violation(s), and on any efforts Respondent may have taken or that it proposes to take to achieve compliance. Respondent may arrange to have legal representation at the conference.

Within ten days from receipt of this Order, the Respondent may request, and confirm in writing, a conference to be held no later than 30 days from receipt of the Order. If the requested conference is held, the Order shall become effective five days after the conference is held.

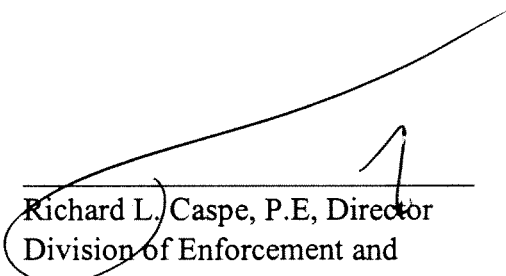
If Respondent does not meet with the EPA, the above Order shall become effective ten (10) days from its receipt.

A request for a conference or other inquiries concerning this Order should be directed to:

John Dolinar
Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection
Agency - Region II
290 Broadway - 16th Floor
New York, New York 10007-1866
(212) 637-3204

Notwithstanding the effective date and opportunity for conference discussed above, the Respondent must comply with all requirements of the Act.

Dated: FEBRUARY 24, 2003


Richard L. Caspe, P.E., Director
Division of Enforcement and
Compliance Assistance
U.S. Environmental Protection
Agency - Region II
290 Broadway
New York, New York 10007-1866

To: Mr. John Gibson,
VP and General Manager
Coastal Eagle Point Oil Company
P.O. Box 1000
Westville, New Jersey 08093-1000

cc: Donald Patterson,
Administrator
Air & Environmental Quality Enforcement
New Jersey Department of Environmental Protection

Edward M. Choromanski
Regional Enforcement Officer
Air Compliance and Enforcement
Southern Regional Office
New Jersey Department of Environmental Protection

bcc: H. Patel, 2DECA-AC
J. Dolinar, 2ORC-AIR
ACB Facility File
AO file

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